

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	
)	
)	

Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: Comments on the Notice of Proposed Rule Making and Order on a focused review of certain rules governing the schools and libraries universal service support mechanism.

I. INTRODUCTION

The Federal Communications Commission's (FCC) request for comment on the Notice of Proposed Rulemaking and Order, governing the schools and libraries universal service support mechanism, is a welcomed opportunity for applicants to express their experiences and suggestions for improving the process. The Universal Service Administrative Company (USAC or Administrator) has committed in excess of \$5.958 billion in funds during the first three funding years. That funding has been instrumental in assisting schools and libraries and other beneficiaries of a program in upgrading and maintaining technology levels that otherwise would not have been attainable.

The FCC's intent to, "seek ways to ensure that the program funds are utilized in an efficient, effective, and fair manner, while preventing waste, fraud, and abuse," will be the focus of many of our comments contained within.

II. BACKGROUND

E-Rate Elite Services, Inc. is an educational technology-management firm that specifically focuses on the E-Rate program. We assist schools and libraries nationwide with participation in the E-Rate program and provide services consistent with their needs as they progress through the various phases.

E-Rate Elite's Chief Executive Officer has managed the processing of thousands of applications during his tenure with the Schools and Libraries Division. During the 2000 Schools and Libraries Division Annual Meeting, he was placed in charge of improving workflow and processing efficiency. He is a Certified Final Reviewer and as a Regional Manager with Schools and Libraries Division, has been involved with numerous projects, from designing currently used systems to recommendations for procedural changes. He conducted investigations of questionable practices by service providers, applicants, and consultants during Funding Year 4.

III. Application Process

I appreciate the opportunity to comment of the E-Rate program. I am the Business Manager for a K-12 school district in Pennsylvania. We did not participate in year 1 of E-Rate but have in subsequent years. Although the program is far too complex and difficult, we were able to operate in funding years 2 and 3 with only minimum difficulty. Unfortunately for our District, funding year 4 has been an absolute nightmare. After completing the 470 and 471 as we did in prior years, we received notification that our single largest e-rate expense, our telephone expenses, was rejected. Without funding for that expense, the e-rate program may as well not exist. I of course appealed that decision in August of 2001. After several months, I learned that part of our appeal was accepted and part was not. I was told I had to wait until I received the funding commitment letter before I would be able to complete the 486 form. It is now almost March and I still have not received a funding commitment letter for Year 4 funding for our telephone expense. What on earth can be taking these people so long? This is ridiculous. I am at my wits end and my frustrations are boiling over. I suppose the only thing left for me to do is to file a formal complaint with the FCC. While I am at it, I will send a letter of complaint to my Congressman and the two Senators from Pennsylvania. I understand that this approach may not generate any different response than I have received to date, but at least someone will be aware that there is a problem with this program that needs addressed.

Jeffrey A. Mummert, Business Manager
Northern York County School District, PA

A. Eligible Services

"The commission currently directs the Administrator to determine whether particular services for the fall within the eligibility criteria established under the 1996 Act and the commission's rules and policies." The Administrator has provided the Eligible Services List as reference tool for applicants to determine the classification of products and services eligible for discounts. While not specific to brand or items, it is left to the service providers and the applicant to interpret and classify the eligibility of products and services listed within the funding request. Should the applicant or service provider's interpretation of the eligibility of a particular service or product be incorrect, there's no opportunity to substitute the questionable product or service. Products and services are reviewed during the processing of the applications. Determinations on the eligibility of some products are made at that time, and the Eligible Services List is updated accordingly. Should an applicant be penalized for requesting a product

or service that was not addressed within the eligible service list at the time of application, and not be allowed the opportunity to substitute a comparable product or service?

Many applicants in prior funding years had been denied funding for remote access routers, specifically the Cisco 2500 series. Recently, remote access routers' status were changed from ineligible to conditional, was there any retroactivity for the applicants that had been previously denied? Is there a way to determine the number of applications and the amount of funding denied to these applicants? Should the unused funds be allocated to reimburse these applicants for the unfair treatment of these applications?

Should an on-line computerized list of products and services eligible for funding be established? We believe by establishing such a system, it would simplify the administration of the program, and may assist some applicants with determining eligible and ineligible products and services, but would ultimately prove to be significantly less cost-effective. The rate at which new technology is introduced into the marketplace and the slight variation in features offered by individual manufacturers would require considerable resources to review and make determinations on eligibility of all possible equipment eligible for funding.

Products and services that may be considered eligible that are not contained within this list would also need a procedure for application. The current Eligible Services List grows as a result of applicants requesting a variety of products and services, which initiates a review to make determinations of their eligibility. A computerized list that would limit the applicant's requests to the products and services listed would require the list be all-inclusive. Provisions made for the applicant to apply for services and products not listed on the computerized list would ultimately defeat its purpose. A product specific list, would also require a procedure for reviewing appeals by service providers and manufacturers, for the classification or omission of their products and services from this list? The review of the applications is currently taking approximately 14 to 15 months to complete. The review of submissions by thousands of registered service providers and manufacturers of tens if not hundreds of thousands of products and services is clearly beyond the Administrator's wherewithal.

The FCC also seeks comment on whether the current procedure governing funding of leased Wide Area Networks (WAN) places a critical drain on available funding. The cost of WAN services is only eligible if leased, and is currently funded under Priority One. Concerns expressed by state government officials of whether or not such WAN expenditures result in the efficient and effective use of program funds are legitimate.

The potential to quickly exhaust available funding as a result of associated capital investments under the current procedure exists. Although, continuing to fund such capital investments are still in the interest of the applicant. To provide better controls, and to deter fraud, waste, and abuse, these applicants and the service providers should be placed at a higher priority category when making audit selections. In all fairness to the applicants and service providers participating in such activities, the approved discount level, in the year the capital investment is completed, should be maintained over the prorated period.

Our recommendations would be to extend the prorated period to 5 years, insure that the applicant has a binding agreement to lease these services for a minimum of 7 years, and hold the applicant as well as the service provider equally liable for any breach of the above terms. Capital investments are expensive but necessary; these changes will reduce the drain of resources and assist with insuring that the program, applicants, and ultimate beneficiaries get their monies worth.

The ability for applicants to lease equipment from telecommunications providers has presented the only opportunity for some applicants to receive any funding as it pertains to equipment. Many applicants have found themselves below the funding threshold for Priority Two. The current ability to lease products and services provides "balance" for applicants that would otherwise not receive funding.

Wireless technology has become as essential as many of the other components funded by the program. While the current program procedures stipulate the use of wireless technology by school bus drivers, non-teaching staff, including security personnel does not constitute an "educational purpose." The Order refers to such personnel as "support staff," which would indicate they are an essential component of the education process. The growing violence in schools, libraries, and in society in general, as increased the need for effective communications everywhere. If the intent is to provide effective communications for "educational purposes," whether the bus driver or the teacher is assigned the cellular phone during a field trip, should not be the measure of need. Providing a student with a safe learning environment, whether in a school or on a bus, will increase the likelihood that his/her education will have purpose.

Many have begun to favor a wireless technology over wireline technology. We believe wireless technology does provide some advantages and should be afforded similar treatment, under the current policies and procedures of the program. Therefore, whether an applicant elects wireless or wireline technology, they should be provided the same level of funding and treatment. Wireline technology currently extends to the jacks. Wireless technology should include all components of the infrastructure extended to the access points. We do not recommend any changes in eligibility status as it relates to handsets whether wired or wireless.

Voice mail has been argued as a comparable service to e-mail, which is currently eligible. We believe when comparing cost voice mail creates a greater potential drain on funding currently available. The cost of e-mail servers and e-mail accounts tend to be significantly less costly than the implementation of some voice mail component. When evaluating the cost effectiveness as relates to the Administrator, we believe that the costs of changing the eligibility of voice mail will far outweigh the savings. Changing the eligibility status of voice mail would also significantly increase funding requested in Priority One when these components are leased.

B. Discounts for Internet Access When Bundled with Content

Receipt of the most cost-effective service should always be the priority of the applicant. We do not feel the current procedure that governs bundled Internet access requires any modification. We believe concerns of whether the adding of content to Internet services in an effort to maximize revenues is legitimate. Such a modification would require additional procedures to prevent waste, fraud and abuse. We would recommend the applicant be required to submit at least two other proposals reviewed before making their bundled access selection. Such a modification in the program rules may make unbundled access a thing of the past. Ultimately, it will require additional documentation from the applicant, similar or increased costs to administrate, and render little to no advantage.

C. Review of Requests Including Eligible and non-Eligible Services

The current 30% threshold on ineligible products and services in a funding request has proven to be fair and equitable for all parties involved and should be continued. Funding requests that contain less than 30% ineligibles will be reduced accordingly and approved. We agree, the threshold provides an adequate allowance for oversight or confusion by the applicant regarding the eligible status of components contained within their funding request, without placing a significant cost burden on the resources allocated for administration of the program.

D. Compliance with the Americans with Disabilities Act

Currently, the notice: "The Americans of with Disabilities Act (ADA), the Individuals with Disabilities Education Act, and the Rehabilitation Act may impose obligations on entities to make the services purchased with these discounts accessible to and usable by people with disabilities." We believe the aforementioned notice and the reserved right and responsibility of the Administrator to enforce that notice is sufficient. We do not believe explicit required compliance is necessary or cost-effective. The notice clearly empowers the Administrator to enforce compliance with all the aforementioned Acts.

Every complaint should be investigated and require immediate remedy for continued participation in the program. We recommend procedures be established for governing the time frame for applicants to become compliant, consequences for noncompliance, and verification of compliance. The Administrator may consider various methods to verify compliance, from requiring those applicants to now certify compliance, increasing their odds of audit selection, and/or independent inspections by local or state agencies associated with the enforcement of the aforementioned Acts.

E. Consortia

The current procedure outlined in section 54.501(d)(1) clearly provides no incentive for ineligible members of the consortium to participate in negotiating below tariff rates. While the eligible members may accept the discount rate, the ineligible entities are precluded from do so. *“However, eligible schools and libraries may only receive support for their share of services, as part of a consortium that includes ineligible private sector entities if the pre-discount prices of any interstate tariffed services that such ineligible private sector members of the consortium receive are at the tariffed rates,”* is somewhat confusing. The FCC may consider changing the wording to, *“However, eligible members of a consortium that includes ineligible private sector entities may only receive support for their share of services. Ineligible private sector members of the consortium must incur tariffed rates on pre-discounted prices of any interstate tariffed services, notwithstanding any discounts received by eligible entities.”*

IV. Post Commitment Program Administration

To Whom It May Concern:

Our library missed the E-rate reimbursement for 2000 (year 3) because I thought I was to do the BEAR Form for year 4. Doing a BEAR Form for the year behind and the 470,471, &486 for the next year is just too confusing.

Linda Wilson, Director
Bloomfield Public Library, PA

I tried to make comments but could not understand the cover page where it asked for proceedings. My comment is that something needs to be done to make the reimbursement requesting easier for us. I am so busy and trying to figure out what to do is so hard and it makes my job very hard. It's something I really dread. Please help make it easier.

Barbara Armstrong
Union Hall Elementary School, VA

A. Choice of Payment Method

Many have found it difficult to navigate their way through the reimbursement process. In fact, some applicants are unaware of their responsibilities to file additional forms to receive their funding commitments. Whether an applicant chooses to pay their bills in full or negotiate “net” billing of their funding commitment, should be the sole discretion of the applicant. The difficulty that arises from allowing the applicant to make such choices, is the untimely manner in which funding commitments are issued.

With some funding commitments being issued as late as nine months **into** the funding year, net billing is not an option. Any service provider that allows an applicant to remit the non-discounted portion of their bills, in this vast number of cases, does so with hopes that their funding requests are successful. Since there has **never** been a funding year that funding commitments have been completed before the start of the services period, the only realistic approach is to continue to allow it to be a negotiated issue.

Many of the largest service providers are not equipped to make automated changes within their billing systems to accommodate discounts on an individual basis. To allow an applicant the sole discretion to choose “net” billing might prove to discourage participation by many service providers. They are, in essence being forced to extend an applicant a line of credit, carry their balances without compensation (late fees or interest), with no guarantee of funding. Should the applicants funding request be denied seven months into the funding year, they now must seek the balance from the applicant. At that point does the service provider receive compensation for late fees or accrued interest from the applicant?

Currently the service provider shall remit reimbursement payments to the applicant within 10 days of receipt. We feel the twenty-day period being considered is sufficient time for a service provider to perform their accounting procedures and remit payment to the applicant. When establishing penalties for failure to comply with procedures for remittance of payment to the applicant, collected fines should be used to offset the administrative costs and the remainder should be remitted to the applicant as damages. The applicant should also be afforded the option of changing service providers based solely on the infraction.

B. Equipment Transferability

Something needs to be adjusted so that those schools that continually go unfunded could receive funds in alternating years. We were funded in Yr 1, but go through the motions of filing every year after, but go unfunded since we are not poor enough at 82% poverty. The 90% schools get funded year after year if they apply. It needs to rotate.

Dorothy Morrison
Wyandotte ISD 01, OK

What happens to the 1.3 billion dollars of unclaimed money? Can that money be used to assist internal connection schools/libraries that do not receive funding because of their percentage?

When are the below 90% people going to get a chance. This program seems to have a little reverse discrimination in it. It seems the same people get funding over and over.

Albert H. Baker
Stanto Indep Sch Dist, TX

Applicants transferring equipment purchased with funding commitments is the greatest abuse of the program. Applicants transfer equipment between schools within the school district, donate equipment to other agencies, and there's even been reports of equipment being sold on Ebay. Applicants that transfer equipment to schools with lower discounts, that would not normally have received funding, then reapply to replace this equipment in the following funding year, are not

only circumventing the funding process, abusing the program, but preventing students with a greater need from receiving much needed assistance.

The institution of a three-year usage period would allow the probability that funding resources would reach lower levels in Priority Two. It would also provide for better management of the program. A three-year audit window is now established; auditors should expect to find the purchased equipment at the designated locations upon their arrival.

We don't believe the alternate approach to deny internal connections discounts to any entity that has already received discounts on internal connections within a specified time period, is the answer. We do support not funding applicants in Years 6 and 7 for any equipment that has identical or similar purpose, for which they have received internal connections discounts in Years 4 or 5. Priority Two funding supports valuable services such as maintenance contracts that will be instrumental in the continued use and upkeep of the funded equipment.

While our recommendation provides for a fair and equitable distribution, and reduces the potential for fraud, waste and abuse, it may not be feasible given the past performance of the Administrator. Unless the Administrator has established a database of an applicant's historically funded equipment, implementation of this fair and equitable solution may prove beyond their capabilities, given the current time frame of funding commitments.

C. Use of Excess Services in Remote Areas

An applicant should not and is not precluded from opening their doors to community groups, after school programs and others that may benefit from services that are not in use. We do not believe a change in the procedure is necessary at this current time. The certification made by the applicant stipulates the services “*would be used for solely educational purposes.*” It does not preclude applicants from allowing the aforementioned groups from using the equipment obtained through the program for educational purposes. The Alaska Order is somewhat different and should require a waiver, and any use that deviates from an educational purpose, even if they are excess services, should require a waiver.

V. Appeals

I am appalled that I have waited over five months to hear whether or not my appeal is approved or not. Three weeks ago I got a notice from the appeal department requesting additional information in seven days. How ironic. Why do we have to wait so long for a response? If there are those many appeals something is wrong with the system.

Stef Palaniuk
Minooka Community Consolidated
School District# 201, IL

A. Appeals Procedure

The FCC has reviewed 740 appeals filed as a result of the Administrator's decisions. This is exclusive of the thousands of appeals filed with the Administrator that were not forwarded to the FCC. Twenty-two percent of the appeals filed with the FCC were deemed "untimely" and dismissed. The FCC has completely or partially overturned decisions made by the Administrator on 25% of the appeals actually reviewed.

We support the FCC considered change of the procedure to accept the postmark date as the date of filing of an appeal, instead of date received. Stipulating that the date received would be the measure for whether an appeal had been filed "timely" places the applicant at the mercy of their chosen delivery carrier. It also prevents the applicant from obtaining any documentation that he would be able to use to support that his appeal was filed timely. The supported change would also be consistent with the current procedures in use for the FCC Form 470 and FCC Form 471.

We feel that the extension of the appeals window to a 60-day versus 30-day filing period, combined with the use of the postmark date would be in the best interest of the program. The current 30-day window from the date shown on the letter is very restrictive. The current procedure subjects the applicant to a multitude of uncontrollable circumstances, none of which are acceptable for appealing an "untimely" filed appeal. The applicant may find their appeal options impacted by the prompt delivery by the selected carrier of the Administrator, the lack of time to consult with other resources, if school is on break (spring, summer, winter, or holiday), if assigned personnel is absent for any period of time, they can obtain no proof of their timely filing, and they are subject to the prompt delivery of their selected carrier.

I find applying for plain old telephone service (POTS) time consuming and with some pitfalls. I was approved for the first 3 years and then in the 4th year I was denied. I appealed the 4th year and was approved after the appeal process. I then discovered that a PIN number to one of my providers had been changed. To fix the wrong PIN was another application process and I am waiting for approval. The time for applying, appealing and changing PIN numbers is a cumbersome process should be streamlined. POTS should have a process in place to simplify the application...

Thanks for considering my comments.

Virgil W. Murray Ed.D, Superintendent
Bellevue Community School District, IA

B. Funding of Successful Appeals

The FCC has sort comment on the possible underestimation of funding allocated to the appeal reserves. The question regarding a course of action should appeals exceed the allocated funds reserved, is actually assisted by the current untimely issuance of funding commitments. The 30 to 60-day appeal window from the time of funding commitment will allow for ample time to evaluate if there is a potential issue. Since the first couple of funding commitment waves

are typically quantitatively the largest, this allows for ample time to forecast the level of adequacy of the appeal reserves. Allowing for the use of uncommitted funds in the current year, provides a much more equitable solution. Those funds should be available from the reserve of funding held in an effort to determine the funding capabilities of Priority Two services.

Should the potential depletion of the appeal reserves be identified, funding from subsequent funding years should not be an option to fund prior year appeals. Given our idealistic hopes that funding commitments will be issued more rapidly, those funds would not likely be available for distribution. We believe that the use of subsequent years funding to offset prior year appeals will also deprive other applicants of the use of those funds for the funding year in which they were originally allocated.

Successful appellants should be entitled to the same treatment and benefits as those who were approved during the regular review process. Under no circumstances should their funding be delayed because they were required to file an appeal. Given the overwhelming amount of temporary staff used to provide the review services, many of the applicants have more experience than the Administrator's staff, just less information.

My basic beef with SLD is that talking to them or getting information from them is like talking to a slightly stupid robot. I'm never sure that my point gets through to them and everything they send looks like a canned response. Much of it is threatening in nature.

...I really feel they treat us like criminals, and I am not convinced they are entirely competent.

Michael Schuyler
Kitsap Regional Library, WA

VI. Enforcement Tools

DO NOT USE ARTHUR ANDERSEN

Nancy Osterberg
Ruidoso Public Library, NM

I definitely feel your continuance to deal with the Arthur Andersen accounting firm would not be in anyone's best interest except the Firm's.

Sheryl Pieper
Tolleson Public Library, AZ

I have no problem with AA being the auditors as long as someone sits with them and actually READS their audits!

Margaret A. Weinberger
Hillsborough School District, NJ

A. Independent Audits

“In its December 2000 report, the General Accounting Office proposed strengthening application and invoice review procedures in order to reduce the amount of funds inadvertently spent on ineligible services.” We experienced some confusion as relates to this statement, probably because we do not understand what “inadvertently spent” means. I don't think many people, organizations, corporations or others have inadvertently spent monies on anything. Some may have purchased more, less, or different items than they had originally set out to acquire, but I've yet to meet the person that accidentally/inadvertently spent anything.

The General Accounting Office report in December of 2000 was a result of an audit they conducted on the Administrator. These “inadvertent spent” funds were made available as a result of failure to comply with processing procedures by the Administrator, hence the title of the report, “Application and Invoice Review Procedures Need Strengthening.” The General Accounting Office did not once use the word inadvertent or inadvertently when describing their findings in the report. Spending on ineligible items identified in this report is a direct result of the Administrator committing those funds to applicant for the purchase to some of those ineligible items.

Weaknesses in SLD's e-rate application review process resulted in commitments of funds for ineligible products and services. We reviewed 44 second-year applications that received funding commitments for internal connections—the type of service most likely to include ineligible items. After screening out \$20 million from requests that included ineligible items, SLD committed \$285 million in e-rate funds to these applications for internal connections. However, we found that SLD reviewers failed to identify other ineligible items, resulting in at least \$6 million in funding errors.

General Accounting Office
GAO-01-105

B. Prohibitions of Participation

We support a procedure that would allow for the barring or suspension of service providers or applicants from the program for repeated failure to comply with program rules and involvement in questionable activities. The ability to include others (such as consultants) we believe to be beyond the ability of the FCC to enforce. Although, we strongly believe there are others that engage in questionable activities, they have done so as a contractor of an applicant or service provider. In order to be able to enforce actions against other parties, the FCC would need the power to prohibit applicants and service providers from engaging in independent contracts with these individuals or agencies.

We believe that enforcement is best served by holding the applicant or the service provider responsible for the individuals or agencies they contract. There is currently no deterrent from attempting to defraud, waste or abuse the invaluable funding dispersed by the program. Provisions for penalizing service providers will have to also include their subsidiaries, but unfortunately would not preclude them from creating a new corporation. Diligence on the part of the applicant is the first line of defense.

VII. Unused Funds

A. Reduction of Unused Funds

The institution of the FCC Form 500 was an effective way for applicants to release committed funds that they knew would not be used. Many of the funds continue to still expire uncollected due to a applicants lack of desire to file the additional form. The identification of funds that are not likely to be collected may also be done through evaluating funding commitments. If an applicant has a designated number of funding requests denied on an application, it is likely the denied funding requests would ultimately impact the approved funding requests. By tracking and evaluating funding commitments the Administrator could determine applicants who fit the aforementioned category but has yet to begin invoicing for several of their approved funding requests.

B. Treatment of Unused Funds

We did not believe that crediting unused funds back to the contributors to reduce the contribution factor is an effective use of these funds. Especially, when you have applicants that have not been funded as a result of funding limitations. Our recommendation would be to hold these unused funds until total amount could be determined. Once a determination has been made as to the available unused funds they should be allocated appropriately to Priority Two applicants of the year in which the funds were not used, based on discount level from where funding was discontinued. Applicants should then be required to withdraw any duplicate requests based on the recommended time and usage requirement of three years discussed earlier. Obviously, extensions for obtaining services will be necessary for recipients of the unused funds. This would provide for fair and equitable distribution of the unused funds. Applicants that applied and fell below the threshold, in a given year, should be given priority to any unused funds that are distributed from those years as a result of the new procedure.

VIII. Summary

We are looking forward to the continued improvement of the program and would like to commend the FCC in its efforts to improve the process for everyone. We will continue to provide services and information on the program to assist with raising applicant awareness and participation. E-Rate Elite felt the 35 comments remitted on the Notice of Proposed Rule Making and Order issued in May 2001, was an indication that applicant awareness should be increased. An Order that potentially affected in excess of \$1 billion in funding, for thousands of applicants only rendered 35 comments, and that includes service providers and consultants.

We took the opportunity to poll applicants independently and have included their comments for your review.

I think that FCC should choose a different auditor.

LeeAnn Nichols
Frenchman School District Re 3, CO

The erate process is ridiculously complicated for school systems that are already overworked. The process needs to be streamlined and more user friendly. Most people filing in our state are teachers working at the central office level. It would take an MBA to feel comfortable with the process. I called several times this year to get clarification on properly spending erate reimbursement and received a different answer from each person. Please encourage them to allow filing online completely and immediate feedback in each step of the process. Streamline the process with LESS FORMS!

Vicky Graves
Goshen-Lempster Coop Sch. Dist, NH

Dear E-Rate Elite

I have no problem with AA being the auditors as long as someone sits with them and actually READS their audits!

The Erate form is too confusing. Money should be given to districts based on number of students, community tax bases, with how much help the district gets from other places taken into consideration. Grants are wonderful, but I suspect that some districts are too overwhelmed by the record keeping and paperwork issues. I am thrilled that we were able to be recipients, but I came in on the very tail end of the grants, so I had little to do with it actually. Thanks for your time.

Maw
Margaret A. Weinberger
Hillsborough School District, NJ

I am sure you are including something regarding the amount of time it takes to process an application. It is taking our District over a year from the time of application to find out if awarded. I am also concerned about their choice of audit firms. The staff is great to deal with. Thanks.

Verne Duff
Balsz School District 31, AZ

Whoever: The process seems cumbersome but I suppose that is necessary to provide consistency to the program. The funding generated is sorely needed and appreciated. Arthur Anderson committed a major breach of ethics and should be punished. How, I'm not in a position to say.

Keith Redfield
Morris School District 769, MN

FCC

Please try to streamline the e-rate process. For those e-rate customers who have been in the plan for many years (many since it's inception), couldn't the forms be shortened or eliminated for succeeding years?

Kathy K. Parr
Plainfield Pub Lib Dist, IL

I see no reason for not keeping Arthur Anderson as auditors. I feel that their skills in auditing the e-rate program will not be negative or unsafe anyway to the program, which serves the schools so well.

Thank your for requesting input.

Sister Marcian Swanson, Principal
St. Matthias School, IL

It would be helpful to include the year of the e-rate included in the form, e.g., 471-2002, it is very confusing due to the fact that at the time that you apply with the 471 and subsequent forms can seem to overlap. You may be working on the 486 soon after finishing the 471. When you are trying to complete the e-rate process while doing many other tasks having the year in the form may be helpful. Thank you.

Ellen Kanik
St. Edward School, IL

1. The existing process is extremely time consuming, especially for items classified as internal connection. Our schools average in the 60-80% discount range so we always wonder each year if internal connection items are going to be covered. As the system is now, we have to go through a formal bid process and award bids on the "chance" the equipment/services will be covered. In the last 4 years, we have only had one year where the internal connections were covered.

Vendors are not happy about this either. It is becoming more and more difficult to get them to bid on internal connection equipment/services since the majority of the time the services are not covered.

2. Unfair preference to higher discounted schools. Example: One school district in ND is in the 90% discount bracket. They applied for and received erate funding to provide fiber to the desktop. Since they are in the 90% bracket, all of their requests (including internal connections) are funded. Meanwhile, they are not using the network for anything other than basic internet. This is a waste of resources. It is also unfair to schools that are in lower brackets that have real needs, which aren't being met.

Other issues: In some communities, it is a social stigma to sign up for free/reduced lunch. Some parents don't want to disclose the necessary information so they choose not to sign up. Yet, we have obvious needs, which are not being met. A better system would include the per pupil payments the district receives from federal/state/local funding. Our per pupil payment is one of the lowest in the state.

We are very grateful there is a program such as erate to help fund telecommunications within our schools. However, I believe the process could be improved as mentioned above. Thank you.

Julie Palmer, Tech Coordinator
Williston School District #1, ND

*In response to the various policies and procedures relating to E-Rate,
Please pass my comments on to the proper authority.*

- 1. The money generated for schools through e-rate is very beneficial.*
- 2. The process to obtain these funds definitely needs to be streamlined. Once a school receives notification of funding discount for telecommunication services, it would make sense to me to allow the service provider to just bill the school at the discounted rate instead of the various steps and time involved to try to get reimbursed for the cost incurred. Thank you.*

Connie Smudrick, Technology Supervisor
Salem Community High School, IL

DO NOT USE ARTHUR ANDERSEN

The reviewing process of applications takes way too long. Ridiculous.

Nancy Osterberg
Ruidoso Public Library, NM

The e-rate process is so convoluted that schools are hiring firms to do their e-rate for them...thus a portion of the money intended for schools is ending up in the hands of private firms. Further, the regimented timelines and "zero-mistake-tolerance" filing put undue burden on the schools. Isn't this program FOR the schools?

Marty Bowe, Director of Technology
Perry Local Schools, OH

E-rate Comments:

- 1. It is hard to work within the timing framework of e-rate. From the time Form 470 is sent in to the time that the school is notified of funding, several months have elapsed. Some purchases are needed before the end of the school's fiscal year, but can't be made until after July 1 for the e-rate year. Over that long a period of time, prices and products have sometimes changed considerable. Proposals from vendors are usually good for a lesser period of time. Contracts become a problem when the purchase is dependent upon e-rate funding, but that knowledge is not known until far past the time of a proposal's expiration.*

2. *I understand that schools at the 90% funding level have great needs, but I feel that there could be some kind of rotational basis for funding. The way the program appears to run now, all internal connections-even "frosting on the cake"-continue to be funded for the 90% level, while even basic internal connections are denied for the lower funding levels.*

3. *Our small school doesn't have room to house the developmental preschool, so the class is held in a building outside the K-12 structures. It is my understanding that this preschool doesn't qualify for e-rate funding (I've called on various occasions.) even though its staff, programming, supplies, etc. are part of the school system. I could understand this if the preschool were independent of the K-12 system, but since it is a part of it in every way but location, I feel the preschool should receive e-rate benefits.*

4. *The process has been greatly simplified by the on-line filing. The first year was an absolute nightmare. Thanks!*

Evonnne Kouba, Technology Coordinator
Central Decatur School District, IA

I definitely feel your continuance to deal with the Arthur Andersen Accounting firm would not be in anyone's best interest except the Firm's—I and many people I know have personally been affected by their inept accounting practices through the Baptist Foundation. Thank you.

Sheryl Pieper
Tolleson Public Library, AZ

From my experience, I thought the e-rate process had been somewhat streamlined over the last couple of years - until this year – I submitted the same 2 items that we have been submitting since the beginning (long distance bill & cell phone bill) and this year they questioned the date we signed up for our long distance service – we have always been on the AT&T state contract, but a new person at e-rate wants us to produce a copy of NY State's original form 470 when they went into contract with AT&T on this state contract – we don't have access to that, nor do we think that it is something that we should have access to - so we're at a stalemate - until then, we thought things were pretty smooth - thanks for your time –

Jacqueline B. Scavo, Tech. Coordinator
Oneonta City School Dist, NY

The process for filing is excellent. My only difficulty is in Block 5 when you have multiple lines whose amount you average but have no exact bill reflecting that specific amount. You were kind to accept our total yearly expense - averaged out - and documented by our bookkeeper. Keep up the good work.

Betty Marie
Farmington School District, AR

The comment I would make to the FCC would be to have a more informative system of tracking where your erate stands as far as its approval. We have not had Year four and the only thing that the erate office can tell us is we are still pending. As our bills mount and mount our internet provider becomes less happy with the "still pending classification"

James Mitchell
Meade County Public Library, KY

Dear Sir:

In response to your requests for comments on e-rate, I have the following:

- 1. The record keeping is not well done. My district often must submit applications two and three times to address the same issues due to lost applications or misdirected applications.*
 - 2. There seems to be an inordinate time lag between application submission and hearing the disposition of that application.*
 - 3. I find it particularly frustrating that I cannot get expeditiously answers to questions.*
- Thank you for requesting my comments.*

Janice M. Jordan, Superintendent
New Hartford Public Schools

I would like to see the percentage for eternal connections go from 90% for year one to 80% for year 2 stc. This would allow other schools to have a chance to reap some of the benefits of the schools with the high poverty rate. They seem to be the ones to get the funding year after year whereas 70%-80% schools also would like this opportunity. Thanks.

Lance Miller
Cherokee Indep School Dist 46, OK

Here's a thought...

On-line submission of the Form 472. It is a HUGE pain to prep the form, fax it to the vendor, wait for them to get back to you (a couple of days), then copy their signature page, and then mail in the form.

With on-line submission (AT&T) - I enter the data, click on submit and a check arrives in a few days. Wow - what a concept - using technology to get funding for technology!

Overall, the entire process is a huge time burden. I spend well over 80 hours prepping all this paperwork every year. Any reduction in the massive number of forms would be an improvement.

My 2¢ worth -

David Lyle, Dir. of Technology
Chatham Hall, VA

I feel there is too much red tape involved with the erate. I seem to have to fill out form after form. I would hope they could streamline the need for paperwork. Thanks.

Jim Roeckeman, Librarian
Case Halstead Public Library, IL

Hello,

The funds for Building Connections should be distributed more equitably and not only to communities that have 90% Free and Reduced Lunches. They have been receiving these funds for the past several years while the remainder of us have received nothing. Future distributions in this category need to be distributed to school districts with lower funding levels.

John Dumont,
Director of Telecommunications Services
Chicopee Public Schools, MA

It would be really nice if you could actually save the Bear Form after you download the form. Right now, to my knowledge, you cannot put your data into the form and save it because it is in Acrobat, I think I tried the one in word format and that did not work either. So--you either print it out and type on it--or you type it on the computer, proof it, and then print it out--but you can't save it, even if you try and change the file name. Can you fix this, or is there something I don't know???? Thanks.

Cher Starkel

Hopefully, all Librarians will be "brutally honest" with you on replying to this notice.

Although the e-rate "rebate" is a very good idea, the entire filling process has been "so wrapped up in red tape and procedures" that it often is considered "more trouble than it's worth!" I have wondered IF this "redundant process" is planned to have just THAT effect? This Library continues to file for these "rebates", but considers the process to be just about as much "fun" as having a root canal! Surely, the entire filling and compensation procedure could be simplified in several ways.

Janet Gann
Overton Co. Public Library, TN

My frustration with the process is getting problems corrected. I had two vendors with two different FRN numbers and switched the numbers. Because of this, one FRN was over billed and one under billed. I had to call office after office to get information on how to clear it up, how to send the checks back and how to reapply. It took over 2 months to get the correct information and get the entire problem corrected.

My other complaint is regarding the 486 application process. I understood the deadline to be the end of October. I submitted the form, received a notice on November 30th that I had used the incorrect years form. I reapplied the first of December with the correct form. In January I received a call requesting that I cancel an FRN that was combined with another. After many more phone calls, it was determined that I had submitted the 486 form prior to receiving the

Funding Commitment Letter and would have to wait to receive it (I just received it the last week in January). If someone would have told me in November that I had applied prematurely by using the receipt letter, a lot of time would not have been wasted!!

Anything you can do to help clarify and streamline the process would be appreciated.

On the positive side, the forms are much easier to use, it is easier to move from screen to screen when you have to log on, and the time outs are not activated as quickly as they used to be.

Virginia Hyatt
Santa Monica-Malibu Unif. Dist, CA

My basic beef with SLD is that talking to them or getting information from them is like talking to a slightly stupid robot. I'm never sure that my point gets through to them and everything they send looks like a canned response. Much of it is threatening in nature.

For example, they recently asked me for bills to prove we were asking for the correct amount on several FRNs. I sent them a recent bill and they decided I had asked for too much, like \$5.00 per month off. So I had to send them another bill that turned out to be \$5.00 per month MORE than what I asked for. They don't seem to understand that we are using past bills to estimate future expenditures for Year 5. OF COURSE they are not exactly the same.

Another issue we've had (we must be being audited) is a request to get, on letterhead stationery from the school district, the percentage of free and reduced school lunches, directly from the district, to "prove" our percentages were correct. Well, we've always retrieved this information from a statewide web site. They're behind, and the percentages vary just slightly from year to year.

I called the state office Superintendent of Public Instruction (SPI) and they told me that SLD had taken them to task last year because they were using data that was too recent and didn't match the SLD database. They wanted them to use old data!! The thing of it is, if they've got a Database of their own, why do we have to scramble for the data locally? There is no reason they can't make this on automatic pilot right into the 471s.

I really feel they treat us like criminals, and I am not convinced they are entirely competent.

Michael Schuyler
Kitsap Regional Library, WA

In response to your request for comments on the e-rate process, I would like to offer the following. I have filled out the forms 470, 471, 486, 479, BEAR etc. for our school district and our technology consortium, since its inception. I have seen many improvements in the program and the SLD website along the way. However, I would like to see something done in the area of verifying the Free or Reduced Lunch data submitted as the basis for the discount matrix percentage.

This year, I have written at least 4 different letters since January 16th signed by either the Business Manager, the Superintendent, or myself with a variety of attachments and the issue still isn't resolved. It appears the problem revolves around the fact that the PIA team is using NSLP

data from October of 2000. We have two buildings in our district and three in one of our consortium member's that have had significant increases in eligible students, since that time. Because this increase throws these schools into a higher reimbursement category, there seems to be no way to adequately satisfying the PIA team. I have not even dealt with getting documentation from the other consortium member until I see what exactly will satisfy the PIA team.

Thanks for the opportunity to submit my opinion.

Joyce Covell
LCMS Technology Consortium, PA

To whom it may concern:

My experiences have been negative around two parts of the process.

1. Why must one file form 470 when services will NOT change for telecommunications and even internet in rural areas where competition for services is practically zero???

2. It is not clear how the discounts begin after the 486 form has been approved. Is a BEAR form always required? Who tells who it is, and when to file. What happens to the discount that doesn't start on time?

David Sellmeyer
Trinity Lutheran School, WI

Erate -

I think the application process is very cumbersome. It is difficult to remember the timeframes as well. Perhaps an automatic reminder could be added to the application forms. I liked filling out the forms online better but it would be nice if the information could be retained from year to year and form-to-form rather than re-keying each form.

Nancy Hartman, Director
Brookston Prairie Township Pub Lib, IN

- 1) I would like to see those entities that are eligible for E-rate funding exempted from paying into the Universal Services Fund.*
- 2) According to news reports, it is up to individual service providers to determine the amount paid into the Universal Services Fund, meaning they pay their required amount (supposedly!) and the rest goes into their pockets! I saw that AT&T charges over 11% to their long distance customers while others only charge 4-5%!!!! Plus, no one is verifying that they are contributing their required portion!!! I would think this should be monitored more closely!*
- 3) The application process is so cumbersome and time consuming but if you have a vendor who really wants your business or wants to KEEP your business, they will provide you with the numbers and information that the applicant needs! I know it is a VERY stressful process but is rewarding if you are funded!*

Leslie A. Cameron, Communications Tech
Vallejo City Unified Sch Dist, CA

COMMENTS ON THE E-RATE

The e-rate has helped our library in many ways, especially to afford Internet connection for patrons, which we otherwise would have been unable to provide. So the provision is a wonderful asset to our library. However the record keeping and application process is a nightmare. I have large folders of materials for each year we have participated and there are always three years now in process at any one time. We are usually waiting for previous years money, while record keeping in present year, and involved in application process for the coming year. That is a lot to keep straight, especially if e-rate involves several companies. I also think the amount of time required for paperwork for each step is seriously underestimated. I don't think it is reasonable to expect someone to complete certain forms in 1 hour, when the instructions for filling out the form is 20 to 30 pages long. Also there are too many ID numbers involved, and some of them change from year to year and form to form. However each time there are attempts to simplify the process, it gets more complicated. The help line is a great resource, but you will get different answers to the same question depending on whom you talk to at SLC. It seems it would be simpler to just fund schools and libraries at a level where they could afford needed services and eliminate all the paperwork. Also some of the companies have just raised their prices because they know they will get more money because schools and libraries are now paying only a portion of the total bill.

The e-rate idea is great and does a lot to equalize instructional and educational opportunities nationwide, but the methods are convoluted and I wonder if some larger companies and institutions have found ways to scam their way into undeserved or higher rates of return.

For the small library and poorer school districts the e-rate is a lifeline for improved services & educational opportunities.

Vicki Logsdon
Hart County Public Library, KY

Our school district follows the letter of the law and the intent of the law. E-Rate rebates on telecommunications are placed into a protected account. This account is used entirely for support, upgrades, and maintenance to our district network. It is definitely worth the time and effort to our students. I understand we may be the exception, but I believe it works for us in our district because the rebated monies are set aside for exactly what they were intended.

Thank you for allowing me the opportunity to offer my input. Please contact me if you need additional comments or information concerning this program. It is invaluable to our schools.

Terri Burnham, Technology Coordinator
Gulfport School District, MS

I am a Superintendent from a small rural school district with declining enrollment. My district qualifies for E-rate at an 80% discount. We are in desperate need of internal connections (i.e., internal wiring and switches, etc). For the past 3 years, E-Rate has funded only the 90% districts for Internal connections. Now that many of these districts have taken advantage of this discount and indeed have internal connections, I would like to see the funding level drop to the 80% districts that have great needs and very little available funding.

Leigh Shampain, Superintendent
Summerville School District, CA

You are not alone! I finally made the decision that this was not a cost-effective process and have not applied since. Thanks for sending this along.

Toni Beatty
Rio Rancho Public Library, NM

Amen! Amen!

I thought I was the only one frustrated by the endless requests for paperwork to be approved for this process. E-rate is NOT worth the time spent. It is typical of a Washington based, top down approach to federal funding. I wonder how many cents of every dollar are spent on the SLD personnel and their overburdening bureaucracy.

Robert Rumph, Superintendent
Wildorado Indep. School Dist., TX.

To Whom It May Concern:

I would like to present to you my views on the E-rate process. Keep in mind that this comes from someone involved in the process for only 2 years now.

I dread dealing with E-rate at all. My main concern is always what form I'm supposed to fill out and when. It is very difficult for me to keep track of what I'm supposed to do because each year I have to remember what form is for what. The application process of some forms over the web makes it much better. I would welcome the ability to perform all processes over the web. Another nice feature would be a separate account space for each applicant with information pertinent to them. For example, a listing of the forms I submitted, when I submitted them, a list of forms I will need to submit and the date I should look to submit them. This would be sort of a journal of my E-rate activity, information useful to me and correspondence all in one location. The names of these forms could also be changed. Form 471, 485, etc. doesn't mean a whole lot to me.

It also seems that there is a lot of duplication of information. I do a lot of looking back at old documents to get application numbers, codes, etc. I would bet that if I compared my forms for the past 3 years that there would only be a handful of differences. I would think that the majority of people are in the same situation I'm in.

I think E-rate is a great service to all school districts, so don't think I'm putting it down. I just think there could be a number of improvements, which would save paperwork, duplication, and time.

Thank you for listening to my opinions.

Joseph A. Homerski, MCSE+I, Tech. Coordinator
Northern Cambria School District, PA

Sirs:

I am very happy with your website and the expertise of the staff members I have had to contact. The forms are a little tedious, however, it is typical within an educational environment. The e-mail requesting this information is typical, it was sent out on the first, due in on the second, and many of the people it was addressed to will be out on vacation either part or all of this week. In other words, information and requests are sent out with little time to react. With my schedule, and being understaffed, I cannot always get to things when I would like to.

Overall I am a satisfied customer, just a little harassed.

Richard Maier
Cuyahoga Valley Career Center, OH

I have the following suggestions for improving the E-Rate program:

- 1. Eliminate much of the paperwork. The constant repetition of forms is unnecessary. The forms, which must be filled out keep changing making the procedure more confusing than filling out income tax!*
- 2. Send the reimbursement checks directly to the school or library. We wait for months for our checks after they have been sent to the vendor. Our last check from Ameritech was sent to them in October 2001 and we didn't receive it until February of 2002.*

Marilyn Wenzel, Librarian
St. Patrick High School

My experience with the E-Rate process has been so negative that I do not intend to file unless I absolutely must. The forms are extremely time-consuming and I have been turned down because I missed filling out one item and, upon appeal, I was again rejected. I do not have enough time to complete my more routine management tasks and I have enough frustrations without adding this kind of process. Whatever financial benefit might be gained from this program would be far out-weighed by the time and frustrations entailed by this process. Added to all this, are the "strings" attached in how the library must conduct its business. To me this is a totally useless waste of my time and taxpayers money.

Lynda L. Sudlow, Director
Falmouth Memorial Library, ME

Submitted on behalf of:
E-Rate Elite Services, Inc.
P.O. Box 563
Owings Mills, MD 21117

Garnet E. Person
Chief Executive Officer